

# Preparing for HIPAA Transactions

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Comprehensive Information  
[www.mihealth.org](http://www.mihealth.org)

MDCH Provider Inquiry  
P.O. Box 30479  
Lansing, MI 48909-7979

Telephone: 1-800-292-2550  
[providersupport@michigan.gov](mailto:providersupport@michigan.gov)

[www.michigan.gov/mdch](http://www.michigan.gov/mdch)  
(Go to "Providers" and click on  
"Information for Medicaid Providers")

HIPAA Primer:  
Michigan Virtual University:  
[www.healthcare.mivu.org](http://www.healthcare.mivu.org)

## HIPAA Overview

### What Is HIPAA?

HIPAA is the Health Insurance Portability and Accountability Act of 1996 that imposes rules on all providers and payers. HIPAA's administrative simplification provisions require the implementation of national standards to regulate and protect electronic transmissions.

### What Are the Benefits of HIPAA?

- Efficiency — simplification and standardization of electronic transactions and code sets will reduce the administrative burden to providers and payers
- Savings — providers and payers will recognize a reduction in administrative cost (a paper transaction costs anywhere from \$5 to \$15 compared to \$0.85 to \$1.25 for an electronic transaction)
- Convenience — standardization of electronic transactions will enable easier data sharing, record portability and automated business procedures
- Speed — financial transactions will be processed at a quicker rate resulting in faster payment for services

### Who Is Affected?

All health care providers (including physicians, dentists, hospitals), health plans, clearing-houses, payers and business associates. All providers who submit electronic transactions will have to do so in a HIPAA compliant format.

## Convert to Electronic Billing to Realize HIPAA's Benefits

Providers will recognize significant benefits if they file claims electronically. If you currently submit paper claims, MDCH is urging you to partner with a clearinghouse to submit HIPAA compliant electronic claims. Payers throughout Michigan will be ready for HIPAA. Will you be ready to reap the benefits?

- Cut the payment cycle in half
- Pre-edit for common errors
- Reduce data entry errors and delays caused by scanning and re-keying
- Provide acknowledgement of receipt
- Eliminate costs of handling and storing paper documents

# MDCH HIPAA Transaction Compliance Plan

## Coordinated Implementation with Blue Cross Blue Shield and Other Payers

MDCH is coordinating its HIPAA transaction implementation timeframe with the two Medicare intermediaries for Michigan, United Government Services (UGS) for Medicare Part A and Wisconsin Physicians Service (WPS) for Medicare Part B, plus Blue Cross Blue Shield of Michigan (BCBSM) to make your compliance planning more manageable.

## MDCH HIPAA Transaction Implementation Schedule

There are nine (9) transactions that are included in HIPAA compliance. MDCH will implement them incrementally beginning October 1, 2002 starting with claims and remittance.

- MDCH anticipates testing 837 claim formats (Professional, Institutional, Dental) beginning third quarter 2002
- MDCH will accept all 837 formats by October 1, 2002
- MDCH anticipates transmitting interim 835 (Payment and Remittance Advice) transactions October 1, 2002

- MDCH will begin testing all remaining HIPAA compliant transactions April 16, 2003
- All transactions must be HIPAA compliant by October 16, 2003
- Codes will be standardized by October 16, 2003

## Provider Education and Outreach

To assist Michigan Medicaid providers in preparing for HIPAA, MDCH will provide:

- Ongoing communications to providers through bulletins and letters
- Education and outreach to provider associations and their members
- A HIPAA primer at [www.healthcare.mivu.org](http://www.healthcare.mivu.org)
- Two web sites for up-to-date information:
  - [www.michigan.gov/mdch](http://www.michigan.gov/mdch)
  - [www.mihealth.org](http://www.mihealth.org)

# WHAT PROVIDERS SHOULD DO TO PREPARE FOR HIPAA TRANSACTIONS

## Prepare for HIPAA Compliance

For uninterrupted claims payment, it is important that you comply with the HIPAA mandate. If you do not comply with HIPAA transaction and code set guidelines, MDCH cannot accept or pay your claims.

- Know the transactions and implementation dates
- Identify your needs for HIPAA compliance
- Establish your plan for compliance
- Certify your electronic transactions or assure that your electronic biller or clearinghouse is certified HIPAA compliant

- Know where to go for more information
- Stay on target with the HIPAA dates

## Apply for HIPAA Extension with CMS by October 16, 2002

The HIPAA compliance deadline for Transactions and Code Sets has been extended one year to October 16, 2003 for covered entities that submit a compliance plan to CMS by October 16, 2002. The form is available at [cms.hhs.gov](http://cms.hhs.gov). This does not impact the compliance deadline of April 2003 for the Privacy Rule. Remember, to qualify for the extension, you must apply for the extension.

[continued >>](#)

# The HIPAA Transactions and Code Sets

## The Electronic Transactions List

- 837 Institutional Claims and Encounters
- 837 Professional Claims and Encounters
- 837 Dental Claims and Encounters
- 837 Drug Claims (NCPDP v3.2 for retail pharmacy)
- 835 Claim Payment and Remittance Advice
- 276 Claim Status Request
- 277 Claim Status Response
- 270 Eligibility Request
- 271 Eligibility Response
- 837 Coordination of Benefits (COB)NCPDP telecommunications standard v3.2
- 834 Enrollment and Disenrollment
- 278 Referral Authorization (request)
- 278 Referral Authorization (response)

## The HIPAA Code Sets

- CPT-Physician services
- CDT-Dental Services
- NDC-Drugs
- ICD-9-CM Vol. 3, Codes Inpatient Hospital until ICD-10-CM & ICD-10-PCS are ready
- HCPCS Level III codes be assigned nationally

It is important that Providers keep current with their code implementation. Local codes will “go away” on HIPAA day (Oct 16, 2003). That means providers must pay more attention to national codes now as they are released... this is especially true during this interim period and transition to national codes as they become known. The impact of HIPAA on standardizing the Code Sets will mean that providers will only have one set of uniform national codes. Those standard code sets will continue to be updated on a regular (quarterly or annually depending on which codes affect you) basis after the transition to HIPAA.

## WHAT PROVIDERS SHOULD DO TO PREPARE FOR HIPAA TRANSACTIONS *(continued)*

### Contact Other Payers about their HIPAA Implementation Program

Since HIPAA is a federal mandate, all payers will be working to implement the standards. Be sure to check with all the payers with which you do business for their testing schedules and other implementation details.

### Partner with a Clearinghouse or Electronic Biller

If you do not submit your own electronic claims, you should partner with a HIPAA compliant clearinghouse. MDCH

cannot accept and pay your claims if your clearinghouse is not HIPAA compliant. It is your responsibility to make sure your clearinghouse vendor has a plan in place for HIPAA compliance. That plan should include certification.

### Test and Certify Electronic Transactions

MDCH will test and certify its electronic transactions through Claredi. Claredi is an independent service that provides credible and comprehensive testing. MDCH strongly recommends that all electronic billers and clearinghouses certify their electronic transactions using a service such as Claredi.

## Need More Information?

### For More Information

- Log on to Michigan Virtual University's HIPAA primer  
— [www.healthcare.mivu.org](http://www.healthcare.mivu.org)
- Visit the Michigan Department of Community Health web site  
— [www.michigan.gov/mdch](http://www.michigan.gov/mdch)
- Visit mihealth.org for a complete details including updated questions & answers  
— [www.mihealth.org](http://www.mihealth.org)
- E-mail MDCH  
— [providersupport@michigan.gov](mailto:providersupport@michigan.gov)
- To become an electronic biller contact  
— [automatedbilling@michigan.gov](mailto:automatedbilling@michigan.gov)
- Contact your association

### Other Useful Web Resources

- [aspe.os.dhhs.gov/admnsimp](http://aspe.os.dhhs.gov/admnsimp) (full text of HIPAA regulations)
- [www.wpc.wpc-edi.com](http://www.wpc.wpc-edi.com) (X12N implementation guide)
- [www.ncpdp.org](http://www.ncpdp.org) (NCPDP implementation guide)
- [www.wedi.org](http://www.wedi.org) (useful white pages and assistance for HIPAA implementation)
- [cms.hhs.gov/hipaa/hipaa2/ascaform.asp](http://cms.hhs.gov/hipaa/hipaa2/ascaform.asp) (HIPAA extension application)
- [ugsmedicare.com](http://ugsmedicare.com) (Medicare Part A)
- [www-ss.wpsic.com/medicare\\_web](http://www-ss.wpsic.com/medicare_web) (Medicare Part B)
- [www.claredi.com](http://www.claredi.com) (HIPAA certification and testing)

## E-Newsletter Troubleshooting Tips:

*"I tried to click on a web link but nothing happened."*

If you click on a web link (blue underlined copy) and nothing happens, make sure you are connected to the Internet and the host is responding.

*"Nothing happens when I click on an e-mail link, even though I'm connected to the Internet."*

If you are connected to the Internet and you click on an e-mail link, the e-mail window will open, but it may be hidden under the PDF ... switch over to your Internet program or minimize Acrobat Reader to find the e-mail window.

*"The edges of the newsletter get cut off when I try to print."*

The e-newsletter is formatted to a standard letter-sized page (8.5 x 11). However, most printers will not print right to the edge of the paper ... try printing the newsletter at 95% size, or smaller if necessary.